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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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In the Matter of the Application of Cobra  
Pipeline Company, LTD for Approval of  
Special Arrangements with VIRCO, Inc.  
pursuant to Ohio Rev. Code Section 4905.31

Case No. 11-4276-PL-AEC **PUCO**

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**APPLICATION OF COBRA PIPELINE COMPANY, LTD  
AND REQUEST FOR EXPEDITED CONSIDERATION**

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Pursuant to Sections 4905.31, Ohio Revised Code, Cobra Pipeline Company, LTD ("Cobra" or "Applicant") respectfully requests that the Commission approve a Negotiated Rate Natural Gas Transportation Service Agreement and a Processing Services Agreement between Cobra as Transporter/Processor and VIRCO, Inc. ("VIRCO"). In support of this Application, Cobra states:

1. Applicant is an Ohio corporation and an intrastate pipeline company and public utility within the meaning of Sections 4905.02 and 4905.03, Ohio Revised Code, subject to the jurisdiction of the Public Utilities Commission of Ohio ("Commission"). Cobra operates pursuant to its Tariff P.U.C.O. No. 1, issued and effective on and after June 27, 2007.
2. VIRCO is a natural gas producer developing production fields in Ohio. VIRCO currently has an interconnection with Cobra through which its local production can be delivered into Cobra's Churchtown pipeline system.
3. On June 21, 2011, subject to the approval of this Commission, Applicant entered into a negotiated rate natural gas transportation service agreement with Shippers as set forth in Exhibit A, and a processing services agreement as set forth in Exhibit B.

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4. Ohio Revised Code Section 4905.31 authorizes public utilities and their customers to enter into any reasonable arrangement for a classification of service based upon the quantity used, the purpose for which used, and any other reasonable consideration, and for any financial device that may be practicable or advantageous to the parties.
5. After completion of construction to expand its deliverability to the existing point of interconnection with Cobra, VIRCO will have the capability to tender for shipment at its interconnection with Cobra into the Churchtown System up to 7,000 Dth per day of local production. Pursuant to the agreement set forth in Exhibit A, it will nominate up to 4,500 Dth/day for shipment to Cobra's processing plant located at Cobra's Churchtown compressor station. Cobra's processing plant has a daily capacity to process 7,000 Dth of natural gas per day, stripping out pipeline liquids and reducing the Btu content to not more than 1,130 Btu per cubic foot. Currently, Cobra's throughput processed at the Churchtown processing facility is less than 4,500 Dth per day. Hence, no other shipper on Cobra's Churchtown System will be precluded from having high Btu natural gas processed through Cobra's processing facility as a consequence of this arrangement between Cobra and VIRCO.
6. The volumes shipped by VIRCO and processed at Cobra's Churchtown processing facility will be sold by VIRCO to purchasers who take title at the tailgate of the Cobra processing facility for transportation to such purchaser(s)' delivery point(s) subject to the terms and conditions of Cobra's approved tariff.
7. Pursuant to the processing agreement set forth in Exhibit B, VIRCO and Cobra will share in the revenues from petroleum liquids sold to third parties.
8. The proposed transportation agreement set forth in Exhibit A and processing services agreement set forth in Exhibit B provide the following benefits to the parties without

prejudice to any other customer of Cobra:

- a. Cobra will be able to significantly increase throughput and transportation revenues on its Churchtown System;
- b. Cobra will be able to maximize utilization of its processing facility at the Churchtown Compressor; and generate additional revenues;
- c. VIRCO will be enabled to access new markets with its expanded deliverability into the Churchtown System and derive revenues from its share of the petroleum liquids sold to third parties after processing by Cobra.; and
- d. VIRCO's customers will gain access to additional local production at competitive prices.

9. Cobra has filed the above-described agreements for public review as Exhibits A and B to this Application, save for the price information which has been redacted for competitive reasons. A Motion for Protective Order seeking protection of the price information in this agreement is being filed simultaneously with this Application. Three unredacted copies of Exhibit A and Exhibit B containing the confidential rate information are being provided to the Commission and its Staff for review in accordance with Ohio Admin. Code 4901-1-24(D) under seal.

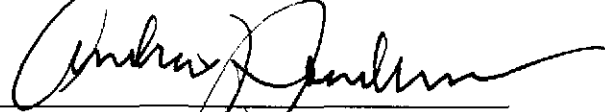
10. Cobra submits that the agreements attached hereto constituting the new special arrangement with VIRCO are reasonable and should be approved pursuant to Section 4905.31, Ohio Revised Code.

11. Attached hereto as Exhibit C is a letter signed by Thomas G. Palmer, President of VIRCO, Inc., supporting this Application and requesting expedited consideration so that construction of the enhanced delivery system can be completed without delay.

WHEREFORE, Cobra Pipeline Company, LLC respectfully requests that the Commission approve the two agreements constituting the special arrangement with VIRCO, Inc. attached to this Application pursuant to Ohio Revised Code Section 4905.31.

Expedited consideration is requested.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Andrew J. Sonderman", written over a horizontal line.

Andrew J. Sonderman (0008610)  
Kegler Brown Hill & Ritter LPA  
Capitol Square, Suite 1800  
65 East State Street  
Columbus, Ohio 43215-4294  
(614) 462-5496 (Telephone)  
(614) 464-2634 (Fax)  
[asonderman@keglerbrown.com](mailto:asonderman@keglerbrown.com)

Counsel for Cobra Pipeline Co., LTD

**EXHIBIT A**

**NEGOTIATED RATE TRANSPORTATION  
SERVICE AGREEMENT**

NEGOTIATED RATE  
TRANSPORTATION SERVICE AGREEMENT No. Cobra \_\_\_\_\_  
Churchtown System

**THIS AGREEMENT** is made and entered into as of the 21 day of JUNE, 2011, by and between COBRA PIPELINE CO., LTD ("Company") and VIRCO, Inc. ("Shipper") (jointly "the Parties").

WITNESSETH: That in consideration of the mutual covenants herein contained, the Parties hereto agree as follows:

**Section 1. Transportation Service to be Rendered.** In accordance with the provisions of the effective transportation service provisions of Company's Statement of Operating Conditions, on file with the Federal Energy regulatory Commission (the "FERC"), and the terms and conditions set forth in Cobra's Tariff P.U.C.O. No. 1 for intrastate pipeline service as well as the terms and conditions herein contained, Company shall receive quantities of gas requested by Shipper to be transported at the Receipt Point and shall redeliver said gas to Shipper's Delivery Point(s). The Receipt Point(s), Shipper's Delivery Point(s), the Maximum Daily Quantity ("MDQ") and the negotiated rate per Dekatherm ("Dth") of gas transported shall be set forth in Section 7 of this Negotiated Rate Transportation Service Agreement ("Agreement").

**Section 2. Incorporation of Statement of Operating Conditions.** This Agreement shall be subject to the Company's Statement of Operating Conditions, as the same may be amended from time-to-time, and the Company's Tariff P.U.C.O. No. 1, which are incorporated herein by reference.

**Section 3. Regulation.** This Agreement is contingent upon the receipt and continuation of all necessary regulatory approvals and authorizations. The Parties recognize that this Agreement constitutes a special arrangement which pursuant to Ohio Revised Code Section 4905.31 must be approved by the Public Utilities Commission of Ohio in order to become effective. The Parties expressly acknowledge that this Agreement cannot become effective without the receipt of such approval, and agree to cooperate to obtain such approval. This agreement shall be void or expire, as appropriate, if any necessary regulatory approval or authorization is not so received or continued.

**Section 4. Negotiated Term.** This Agreement shall become effective as of the date of a final order of the Public Utilities Commission of Ohio approving it as a special arrangement and shall continue remain in effect for the term of 1 year from such date, and thereafter for successive 1 year terms until terminated by either Party on an anniversary date by giving ninety (90) days advance written notice of termination to the other Party; provided, however, that if, during the term of this Agreement, the FERC; the Public Utilities Commission of Ohio, or other judicial or regulatory body having jurisdiction over this Agreement should take any action, the result of which is to change a material term of this Agreement, then the Parties shall negotiate, in good faith, an equitable adjustment to this Agreement.

**Section 5. Cancellation of Prior Agreements.** This Agreement supersedes and cancels, as of the effective date herein, the Transportation Service Agreement between the Parties hereto dated February 20, 2008.

NEGOTIATED RATE  
TRANSPORTATION SERVICE AGREEMENT No. Cobra \_\_\_\_\_  
Churchtown System

**Section 6. Assignment.** This Agreement may be assigned by Shipper, subject to the prior written approval of the Company, which shall not be unreasonably withheld.

**Section 7. Service Quality and Quantity; Rate; Balancing.**

QUALITY OF SERVICE: X Firm \_\_\_\_\_ Interruptible

MAXIMUM DAILY QUANTITY: 4,500 Dth

NEGOTIATED RATE: \_\_\_\_\_ per Dth Received at the Wheaton-Matheny Meter, No. 7351197 on Cobra's Pipeline No. C40 in Lawrence Township, Washington County, State of Ohio (the "Receipt Point") and delivered to Shipper or Shipper's Designee at the Outlet of Cobra's Churchtown Processing Plant (the "Delivery Point") PLUS Shrinkage of 3.5% or such other percentage as may be established annually by Cobra based on its operating experience.

BALANCING PERIOD: Monthly.

NOTICES:

TO COBRA:

Steven J. Williams  
Vice President of Operations  
Cobra Pipeline Company, Ltd.  
3511 Lost Nation Road  
Suite 213  
Willoughby, Ohio 44094  
(440) 255-1945 (Telephone)  
(440) 255-1985 (Facsimile)  
(440) 321-5566 (Mobile)  
swilliams@cobrapipeline.com

TO SHIPPER:

Thomas G. Palmer  
President  
VIRCO, Inc.  
State Route 7 North  
Post Office Box 100  
Reno, Ohio 45773  
(740) 373-8385 (Telephone)  
(740) 373-9511 (Facsimile)  
tom.palmer@vircoinc.us.com

**IN WITNESS WHEREOF**, the Parties hereto have accordingly and duly executed this Agreement.

COBRA PIPELINE COMPANY, LTD.

By: Steven J. Williams

Title: Vice President of Operations

Date: 6/23/11

VIRCO, INC.

By: Thomas G. Palmer

Title: PRESIDENT

Date: 6-21-11

**EXHIBIT B**

**PROCESSING SERVICES AGREEMENT**



## AGREEMENT

**THIS AGREEMENT** is made and entered into as of the 21 day of JUNE, 2011 by and between COBRA PIPELINE CO., LTD. ("Cobra") and VIRCO, Inc. ("PRODUCER").

**WITNESSETH:** That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Whereas, PRODUCER currently has a natural gas production meter (the "Receipt Point") on Cobra's pipeline #C40 near Lawrence Township, Washington County, State of Ohio (Wheaton-Matheny, Meter 735197); and

Whereas, PRODUCER and Cobra are parties to a Transportation Service Agreement dated February 20, 2008 and are seeking the approval of the Public Utilities Commission of Ohio for a successor transportation agreement pursuant to Ohio Revised Code Section 4905.31 under which Cobra agrees to transport natural gas owned or under the control of PRODUCER in exchange for a negotiated rate; and

Whereas, the natural gas is transported from the Receipt Point to Cobra's Churchtown compressor stripping facility (the "Facility") through Cobra's Churchtown pipeline system (the "Churchtown System"); and

Whereas, the Facility has the ability to process Seven Thousand (7,000) mcf of natural gas per day by removing ("stripping") therefrom all of the liquid components of the natural gas ("Liquid Products"); and

Whereas, PRODUCER, has the ability to tender up to Four Thousand Five Hundred (4,500) Dth of natural gas per day at the Receipt Point into the Churchtown System for transportation through the Facility to the tailgate of the Facility (the "Delivery Point") at which point PRODUCER sells the natural gas covered by the Purchase Agreements to Integrys Energy Services or others ("Buyers"); and

Whereas, Cobra and PRODUCER have agreed to grant PRODUCER the right to nominate up to a maximum daily quantity ("MDQ") of Four Thousand Five Hundred (4,500) Dth from the Receipt Point to the inlet to the Facility, and the same amount of capacity of stripping operations of the Facility to produce Liquid Products, on a monthly basis, in exchange for the various considerations set forth herein.

Now, therefore, in consideration of the premises and the mutual covenants and agreements set forth herein, Cobra and PRODUCER (each a "Party" and collectively "Parties") agree as follows:

## **ARTICLE I NOMINATION OF STRIPPING CAPACITY**

- 1.1 No later than ten calendar days before the first day of each calendar month of the term of this Agreement PRODUCER shall have the right to nominate up to Four Thousand Five Hundred (4,500) Dth per day of stripping capacity of the Facility (each, a "Nomination").
- 1.2 For each month of the term for which a Nomination is made, PRODUCER shall have the right, but not the obligation, to deliver up to Four Thousand Five Hundred (4,500) Dth of natural gas at the Receipt Point. Under its Sale Agreements with Buyers, PRODUCER will transfer title to the natural gas, less strippable liquid components, to Buyers at the Delivery Point. Any Churchtown System and Facility stripping capacity which is not timely nominated by PRODUCER may be offered by Cobra to any other party for the subject month.
- 1.3 PRODUCER covenants with and for the benefit of Cobra that Cobra will have the right, at the Facility, to strip the liquid components to produce Liquid Products from the natural gas prior to the transfer of title by PRODUCER to Buyers at the Delivery Point. The natural gas tendered by PRODUCER at the Receipt Point shall be measured as set forth in Article II. The thermal value measured in British thermal units ("Btu") of the natural gas will be determined upon delivery using the average Btu calculated from pre-blend, pre-measured gas concentrations recorded by the third-party analyzing company (as provided below). For purposes of determining the quantities and qualities of the natural gas to be stripped, PRODUCER's natural gas volumes will be a portion of the total natural gas volumes delivered into the Churchtown System and PRODUCER will receive credit for Liquid Products stripped from those volumes only.

## **ARTICLE II OPERATION AND MAINTENANCE**

- 2.1 Cobra shall be responsible for the operation and routine maintenance and repair of measurement and electronic monitoring equipment installed at the Receipt Point. Cobra shall also be responsible for the operation, routine maintenance and repair of all other equipment at the Receipt Point. Cobra and PRODUCER shall operate and maintain their respective facilities in accordance with sound and prudent practices common to the natural gas industry and all applicable laws, orders, directives, rules, and regulations of all federal, state, and local authorities having jurisdiction over such

activities. Cobra reserves the right to inspect PRODUCER'S equipment at the Receipt Point at any time with reasonable notification to PRODUCER.

- 2.2 The quality and measurement of gas tendered at the Receipt Point shall be in accordance with the requirements of Cobra as in effect at the time of such tenders as set forth in Exhibit A. If any of the gas components fall outside of the criteria set forth in Exhibit A, Cobra reserves the right to reduce or interrupt the delivery of gas at the Receipt Point until the gas quality deficiency has been corrected. Cobra shall not alter the gas quality criteria set forth in Exhibit A unless there is a change in Cobra's tariff, new or revised criteria are imposed on Cobra by other authorities with jurisdiction, or unless there is a change in standard operational practice in the industry. PRODUCER agrees to provide Cobra with gas measurement and quality data on a requested basis.
- 2.3 PRODUCER shall sample the gas delivered upstream of the Receipt Point on a reasonable frequency (mutually agreed to by PRODUCER and Cobra) using current EPA or ASTM methods and shall have the sample analyzed by a third party approved by Cobra. The third party shall submit results of the analysis to Cobra at the address in Article 6.1 of this Agreement or to a designated Cobra representative via e-mail no later than the last day of the month in electronic format. Cobra reserves the right to require more frequent sampling and analysis to ensure continuous compliance with its gas quality standards.
- 2.4 If PRODUCER fails to comply with any provision of this Agreement, Cobra shall have the right, upon reasonable notification to PRODUCER, to (i) reduce or suspend the flow of gas through the Receipt Point pending PRODUCER's compliance with such provision or (ii) after a reasonable period of time, not less than ninety (90) days, to terminate this Agreement unless a reasonable compliance plan has been accepted by Cobra. PRODUCER shall reimburse Cobra for any loss, cost, damage or expenses incurred by Cobra as a direct result of PRODUCER's failure to comply with these specifications, except when such expense occurs as a direct result of Cobra's deliberate decision to accept PRODUCER's nonconforming gas. Cobra shall be relieved of its obligations to PRODUCER for the duration of such time as the gas does not meet these specifications. PRODUCER, however, shall not be relieved of its obligations to Cobra for the duration of such time as the gas does not meet these specifications.

Failure of PRODUCER to correct any quality deficiency within a reasonable period of time may result in Cobra's termination of this agreement, or, at Cobra's option, Cobra may make changes necessary to bring such gas into conformity, and PRODUCER shall reimburse Cobra for any reasonable expense incurred by it in effecting such change. Cobra shall have the right to collect from PRODUCER the cost of any additional gas analysis and quality control equipment which Cobra, at its discretion, determines is required to be installed at such receipt point to monitor and/or maintain the quality of gas delivered.

**ARTICLE III  
SHARING OF REVENUE FROM SALE OF LIQUID PRODUCTS**

- 3.1 Cobra shall report to PRODUCER monthly the total gross revenue received for Liquid Products produced at the Facility by stripping gas subject to a Nomination by PRODUCER. No later than the 25<sup>th</sup> day of each calendar month of the term of this Agreement, Cobra will remit to PRODUCER                      percent (   %) of the gross revenue received by Cobra during the preceding calendar month for the volume of natural gas of Buyers processed at the Facility, without deduction or offset except for PRODUCER's proportionate share of the actual transportation costs incurred by Cobra in delivering Liquid Products to purchasers of the Liquid Products.
- 3.2 The Parties acknowledge that the total stripping capacity of the Facility is currently limited to Seven Thousand (7,000) Dth per day. In the event the Parties anticipate that Nominations will exceed the volume set forth in Section 1.1, and no remaining capacity is available, the Parties agree to negotiate in good faith possible accommodations by PRODUCER which would assist Cobra in upgrading the Facility.

**ARTICLE IV  
TERM**

- 4.1 This Agreement shall become effective as of the date of a final order of the Public Utilities Commission of Ohio approving this Agreement as a Special Arrangement pursuant to Ohio Revised Code Section 4905.31, and shall remain in effect for a term of 1 year from such date, and thereafter for successive 1 year terms until terminated by either Party on an anniversary date by the giving of ninety (90) days' advance written notice of termination to the other Party. The Parties expressly acknowledge that this Agreement cannot be effective without the receipt of such approval, and agree to cooperate to obtain such approval. Provided, however, that if, during the term of this Agreement, the Public Utilities Commission of Ohio, or other judicial or regulatory body having jurisdiction hereof, should take any action, the result of which is to change a material term of this Agreement, then the Parties shall negotiate an equitable adjustment to this Agreement.
- 4.2 In the event of default by either Party in the performance of any provision, condition or requirement herein (other than the nonpayment of fees), the non-defaulting Party shall give notice in writing to the Party in default, specifying the default. Unless such default is cured within ninety (90) days after receipt of such notice of default, this Agreement may be terminated by written notice at the option of the non-defaulting Party.

- 4.3 Either Party may terminate this Agreement by written notice to the other Party if the other Party dissolves, liquidates, or terminates its separate corporate or company existence or proceedings are commenced against the other Party for any relief under any bankruptcy or insolvency law.

## **ARTICLE V REGULATIONS**

- 5.1 This Agreement and all of the terms and conditions contained herein, and the respective obligations of the Parties hereunder, are subject to all valid and applicable laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.
- 5.2 Unless otherwise provided herein, each Party is individually responsible for securing all approvals, permits, certificates, and authorizations required for the construction and operation of its respective facilities under this Agreement.

## **ARTICLE VI MISCELLANEOUS**

- 6.1 All notices under this Agreement shall be in writing and deemed to have been duly given when deposited in the United States mail, postage prepaid, and addressed as follows:

If to Cobra:

<b><u>COMMUNICATIONS ADDRESS</u></b>	
Name:	Cobra Pipeline Company, Ltd
Street Address (Line 1):	3511 Lost Nation Road
Street Address (Line 2):	Suite 213
City, State & Zip Code	Willoughby, Ohio 44094
Contact Person:	Attn: Steve J. Williams
Contact Person Title:	Vice President Of Operations
Contact Person Email:	<a href="mailto:swilliams@cobrapipeline.com">swilliams@cobrapipeline.com</a>
Telephone Number:	(440)255-1945
Fax Number:	(440)255-1985
Cellular Number	(440)321-5566

If to PRODUCER:

<b><u>COMMUNICATIONS ADDRESS</u></b>	
Name:	VIRCO, Inc.
Street Address (Line 1):	State Route 7 North

Street Address (Line 2):	P.O. Box 100
City, State & Zip Code	Reno, Ohio 45773
Contact Person:	Thomas G. Palmer
Contact Person Title:	President
Contact Person Email:	tom.palmer@vircoinc.us.com
Telephone Number:	(740)373-8385
Fax Number:	(740)373-9511

- 6.2 PRODUCER will indemnify, defend, and hold Cobra, its owners, officers, directors, affiliates, and subsidiaries harmless, to the fullest extent permitted by law, from and against any and all loss, claims, demands, damages, injuries, or suits including, but not limited to, claims, demands, or suits for property damage, bodily injury, illness, disease, death, or loss of services, property, or wages which may be brought against Cobra by any party, including, but not limited to, any third party, any employee of PRODUCER, contractor of PRODUCER, subcontractor of PRODUCER, or by any employee of contractors or subcontractors of PRODUCER, or the legal representative or successor of any such person, in anywise arising out of or incident to the negligent acts or omissions of PRODUCER or any of PRODUCER's employees, contractors or subcontractors in connection with the operation of PRODUCER's facilities and equipment, including the Wheaton-Matheny Meter and PRODUCER's gathering lines and pipelines, such duty of PRODUCER to indemnify, defend, and hold harmless Cobra to also include payment for Cobra's costs and expenses, including attorneys' fees. Such duty of indemnification shall survive the termination of this Agreement for a period of twelve (12) months.

Cobra will indemnify, defend, and hold PRODUCER, its owners, officers, directors, partners, affiliates, and subsidiaries harmless, to the fullest extent permitted by law, from and against any and all loss, claims, demands, damages, injuries, or suits including, but not limited to, claims, demands, or suits for property damage, bodily injury, illness, disease, death, or loss of services, property, or wages which may be brought against PRODUCER by any party, including, but not limited to, any third party, any employee of Cobra, contractor of Cobra, subcontractor of Cobra, or by any employee of contractors or subcontractors of Cobra, or the legal representative or successor of any such person, in anywise arising out of or incident to the negligent acts or omissions of Cobra or any of Cobra's employees, contractors or subcontractors in connection with the operation of Cobra's pipelines, facilities and equipment, including the Churchtown System and the Facility, such duty of Cobra to indemnify, defend, and hold harmless PRODUCER to also include payment for PRODUCER's costs and expenses, including attorney's fees. Such duty of indemnification shall survive the termination of this Agreement for a period of twelve (12) months.

- 6.3 In no event shall either Party be liable to the other for any special, incidental, punitive or consequential damages of any kind, or for any loss of profits, loss of revenue, loss

resulting from interruption of business or loss of use, whether or not advised of the possibility of such loss.

- 6.4 Except with regard to payments due, neither Party shall be liable to the other for failure to perform an obligation hereunder to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension including, but not limited to: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (iv) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, or regulation promulgated by a governmental authority having jurisdiction. Each Party shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

Neither Party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the Party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch, or (ii) economic hardship. Notwithstanding anything to the contrary herein, the Parties agree that the settlement of strikes, lockouts, or other industrial disturbances shall be entirely within the sole discretion of the Party experiencing such disturbance.

The Party whose performance is prevented by Force Majeure must provide notice to the other Party of the Force Majeure. Initial notice may be given orally; however, written notification with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written notification of Force Majeure to the other Party, and performing its other obligations under this Article 6.4, the affected Party will be relieved of its obligations under this Agreement, other than payment obligations, as applicable to the extent and for the duration of the Force Majeure, and neither Party shall be deemed to have failed in such obligations to the other during such event or occurrence.

- 6.5 The failure of either Party at any time to exercise any right or to require performance by the other Party of any provision herein shall in no way affect the right of such Party thereafter to enforce the same, nor shall the waiver by either Party hereto of any breach of any provision herein by the other Party be a waiver of any other breach of such provision, or as a waiver of the provision itself.

- 6.6 This Agreement shall be governed and construed in accordance with the substantive laws of the State of Ohio, without regard to the choice of law provisions thereof.
- 6.7 This Agreement shall inure to and be binding upon the successors and assigns of the Parties hereto; provided, that neither Party shall assign this Agreement and the rights hereunder without first having obtained the written approval of the other Party, which approval shall not be unreasonably withheld.
- 6.8 If any provision of this Agreement shall be held invalid, illegal, or unenforceable to any extent and for any reason by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby and shall be enforceable to the full extent permitted by law.
- 6.9 This written Agreement contains the entire Agreement between the Parties, and there are no understandings or representations between the Parties hereto. This Agreement may not be amended, other than as set forth herein, except by an instrument in writing signed by a duly authorized representative of each Party.

IN WITNESS WHEREOF, the Parties have caused this agreement to be executed by their duly authorized representatives as of the day and year first above written.

**Cobra Pipeline Company, Ltd.**

By: Steve J. Williams

Name: Steve J. Williams

Title: Vice President of Operations

**VIRCO, Inc.**

By: Thomas G. Palmer

Name: Thomas G. Palmer

Title: President



## **Exhibit A: Gas Quality Specifications**

The unprocessed gas volumes produced for delivery into Cobra's Churchtown System will be continuously maintained with the following quality specifications (both prior and after delivery):

- CO<sub>2</sub> levels < A Partial Pressure of 7 psi (100 psi base. i.e.; 200 psi = 4.0% Max. CO<sub>2</sub>) **after** delivery.
- H<sub>2</sub>S levels < .25 grains per 100 ft of gas **before** delivery.
- N<sub>2</sub> levels < 4% before delivery
- Producer facilities will include a positive shut-off device (already existing) to prevent liquids from entering Cobra's facilities **before** tender. Installed, constructed and paid for by Cobra.

Natural gas quality specifications exist for all supply tendered at the Receipt Point into the Churchtown System. A copy of the specifications is included for reference, as follows:

### **Specifications for Quality of Gas Delivered Into the Churchtown System**

1. Temperature : The temperature of delivered gas shall not exceed 120° F. The temperature of delivered gas shall not be less than 40° F.
2. Sulfur : The sulfur content of delivered gas shall not exceed either of the following; a maximum of 4 ppm (by volume) of hydrogen sulfide, a maximum of 10 ppm (by volume) of total sulfur.
3. Nitrogen: The delivered gas shall not contain more than 4% (by volume) of nitrogen.
4. Carbon Dioxide: The delivered gas shall not contain more than 4% (by volume) of carbon dioxide.

### **Other Considerations**

The gas tendered at the Receipt Point shall not contain deleterious substances in concentrations that are hazardous to health, injurious to pipeline facilities or adversely affect merchantability. The delivered gas shall be merchantable natural gas and shall be commercially free from objectionable odors, dust, gums, gum-forming constituents, impurities, solid or liquid matter which might interfere with its merchantability or cause injury to or interfere with the proper operation of the facilities and equipment of the company

or its customers. The tendered gas shall not contain any toxic or hazardous materials or substances, or any deleterious material potentially harmful to persons or to the environment, including but not limited to polychlorinated biphenyls. The tendered gas shall not contain any microbiological organism, active bacteria or bacterial agent, including but not limited to sulfate reducing bacteria and acid producing bacteria.

It is the Producer's responsibility to furnish, install, maintain, and operate such dehydrators, drips, separators, heaters and / or other devices as may be necessary to effect compliance with these specifications. Cobra may require evidence that satisfactory arrangements have been made on the supplier's system for adherence to these standards.

Cobra reserves the right to sample and test gas for conformance to these specifications. Sampling may occur at any time, without prior notice to the PRODUCER. Tests to determine conformance with these specifications shall be made by standard methods in general use in the gas industry which are currently available or which become available at any time during the term of this agreement.

## EXHIBIT C

### LETTER OF THOMAS G. PALMER PRESIDENT, VIRCO, INC.



June 22, 2011

Public Utilities Commission of Ohio  
180 East Broad Street  
Columbus, Ohio 43215

Re: Application of Cobra Pipeline Company, LTD for Approval of Special  
Arrangements with VIRCO, Inc. pursuant to Ohio Rev. Code Section 4905.31

To Whom It May Concern:

I am President of VIRCO, Inc., a natural gas exploration and production company developing supplies of Ohio-produced natural gas. I write in support of the above-referenced Application by Cobra Pipeline for Commission approval of a special arrangement with VIRCO, Inc. for transportation service and liquids processing service.

These arrangements, made possible by my Company's significant capital investment in facilities to enhance deliverability of our local production into Cobra's Churchtown System, will increase throughput on that system. The arrangement will permit VIRCO, Inc. to process its local production using Cobra's processing facilities as the Churchtown compressor for delivery to VIRCO's sales customers to the mutual benefit of both Cobra and VIRCO, without disadvantage to other producers or customers. While I am not a lawyer, I believe this is the precise reason why Ohio law authorizes the Public Utilities Commission to authorize special arrangements.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Tom Palmer'.

Thomas G. Palmer, President  
VIRCO, Inc.